



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:

3482

U-74804

(UT-923)

JAN 11 2011

Certified Mail--Return Receipt Requested 7009 0820 0001 7945 3634

Kit Pappas
Manager Engineering/Environmental Services
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84501

Re: Noncompliance Mining Conducted on Federal Coal Lease No. U-74804

NOTICE OF NONCOMPLIANCE

The Bureau of Land Management (BLM) is issuing this notice of noncompliance to Hidden Splendor Resources, Inc., Operator of the Horizon Mine, for failure to comply with the approved resource recovery and protection plan (R2P2) dated February 9, 2010. The regulations at 43CFR3480 Sec. 3481.1 ,b state:

“The operator/ lessee shall conduct surface and underground coal mining operations involving development , production, resource recovery and protection, and preparation and handling of coal in accordance with the rules of this part, terms and conditions of the Federal leases or licenses, the approved resource recovery and protection plan, and any orders issued by the authorized officer.”

The current approved R2P2 Plan provided for the development of multiple entry mains in the western direction on Federal Coal Lease U-74804. Development of room and pillar panels are shown in the north-south direction on the same federal coal lease. However, mining has now progressed north off of the 3rd West Mains in a room and pillar panel configuration not approved in the R2P2. Further, the south room and pillar configuration, off of the 3rd West Mains, was approved but now appears to have been abandoned from the mine plan. Other variations from the approved mine plan could also be found.

RECEIVED

JAN 18 2011

DEPT. OF OIL, GAS & MINING

Requirements to Correct the Mining Plan Noncompliance:

Within 30 days of the receipt of this letter, Hidden Splendor Resources, Inc. must:

- 1) Submit justification for mining north off of the 3rd West Mains in a configuration that is not approved in your current R2P2 Mine Plan and explain how mining of this coal did not adversely affect the Maximum Economic Recovery of the mine coal reserve.
- 2) Submit justification as to why the authorized officer of the BLM was not properly notified seeking mine plan change approval of the mine plan change prior to the mining of this coal.
- 3) Submit a new R2P2 clearly showing the revised mine plan and intended room and pillar panels both north and south of the 3rd West Mains. Include a detailed table showing the current in-place and recoverable coal reserve base and the proposed recoverable coal reserve by lease with the proposed mine plan change.

Compliance:

Failure to comply with this Notice of Non-Compliance will result in an immediate order to provide the required information and any documentation to the BLM and Hidden Splendor Resources, Inc. will be subject to the provisions in 43 CFR 3486.3 including cessation of all operations upon notice by the authorized officer. In addition, the BLM holds a lease bond and may increase the lease bond to cover additional liabilities under the Federal coal lease.

Appeal Rights:

You have 30 calendar days from the receipt of this notice to abate the noncompliance. Following the abatement period, Hidden Splendor Resources, Inc. has 30 calendar days to appeal to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 43 CFR Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office within 30 calendar days following at the end of the compliance period. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards;

- (1) The relative harm to the parties if a stay is granted or denied;
- (2) The likelihood of the appellant's success on the merits;
- (3) The likelihood of the immediate and irreparable harm if the stay is not granted, and;
- (4) Whether the public interest favors granting the stay.

If you have any questions, feel free to contact Mr. Vaughn Hughes (435) 636-3626 at the Price Field Office or Mr. Jeff McKenzie (801) 539-4038 of my staff.

Sincerely,

/s/ Roger L. Bankert

Roger Bankert
Chief, Branch of Minerals

Enclosure:

Form 1842-1

cc: UTG023, Price Field Office
Utah Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

HorizonR2P2non-compliance-11-1-2011-JM-SA